



Memorandum # 10/2003

Commonwealth of Massachusetts | Public Employee Retirement Administration Commission

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Joseph E. Connarton, *Executive Director*

MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: Impact of Furloughs on Creditable Service and Regular Compensation

DATE: February 20, 2003

Pursuant to G.L. c. 32, § 4(1)(c), when a member takes an unpaid leave (or furlough), the retirement board has the option of granting up to one-month of creditable service to that member. The board is limited to granting up to one month of creditable service and may not grant more than one month if a member has more than one period of unpaid leave. The granting of such creditable service would require board action.

When a member takes a furlough and receives creditable service for that period, the member will be entitled to have the regular compensation that they would have received but for the leave included in their three year average compensation. G.L. c. 32, § 5(3)(b) allows the rate of regular compensation in effect immediately preceding the period of absence to be used as the rate for the period of absence. The member need not actually make retirement contributions for this period in order to receive this benefit. If the period of absence is not during the period used to calculate the three-year average compensation, then G.L. c. c. 32, § 5(3)(b) is not relevant for retirement purposes.

We trust the foregoing is of assistance. If you have further questions or concerns, please contact this office.